



Daily current affairs

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Why is a Public Credit Registry important?

- A public credit registry is an information repository that collates all loan information of individuals and corporate borrowers.
- A credit repository helps banks distinguish between a bad and a good borrower and accordingly offer attractive interest rates to good borrowers.
- PCR will address issues such as information asymmetry, improve access to credit and strengthen the credit culture among consumers.
- A PCR may also help raise India's rank in the global ease of doing business index.

Panel's proposals

- The committee has suggested the registry should capture all loan information and borrowers be able to access their own history.
- Data is to be made available to stakeholders such as banks, on a need-to-know basis. Data privacy will be protected.

Why PCR is necessary

- Credit information is now available across multiple systems in bits and pieces and not in one window. Data on borrowings from banks, non-banking financial companies, corporate bonds or debentures and external commercial borrowings, among others, are not available in one data repository.
- PCR will help capture all relevant information about a borrower, across different borrowing products.
- It can flag early warnings on asset quality by tracking performance on other credits.

PCR in other countries

- PCR in other countries now include other transactional data such as payments to utilities like power and telecom for retail consumers and trade credit data for businesses.
 - Regularity in making payments to utilities and trade creditors provides an indication of the credit quality of such customers.
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